

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6487

BILL NUMBER: SB 148

NOTE PREPARED: Mar 22, 2006

BILL AMENDED: Mar 14, 2006

SUBJECT: Use of CAGIT Revenue by Certain Counties.

FIRST AUTHOR: Sen. Riegsecker

FIRST SPONSOR: Rep. Heim

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *Elkhart and Marshall County CAGIT*- The bill provides that County Adjusted Gross Income Tax (CAGIT) revenue in Elkhart County and Marshall County may also be used to operate and maintain jail facilities, juvenile court, detention, and probation facilities, other criminal justice facilities, and related buildings and parking facilities (in addition to the financing, construction, acquisition, renovation, and equipment of those facilities permitted under existing law). The bill provides that Marshall County may not impose an additional CAGIT rate for jail maintenance and operations after the bonds issued to construct the jail are paid off.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Elkhart and Marshall County CAGIT*- Elkhart and Marshall Counties would be allowed to use the revenue generated from the additional 0.25% CAGIT jail rate for jail operation and maintenance expenditures in addition to capital expenditures. The tax rate of both counties would only be allowed at the level necessary to carry out both capital and operational/maintenance expenditures.

Current law requires Elkhart County and Marshall County CAGIT rates to return to 1.00% when jail construction and financing are completed. Elkhart County would be required to lower the jail rate to the level of jail operational costs once capital expenditures are completed. The jail rate in Elkhart County would be in

place (as adjusted for jail operational costs only) until rescinded by ordinance.

When bonds for all jail capital projects are retired in Marshall County, the county's 0.25% CAGIT jail rate will no longer be imposed.

Explanation of Local Revenues: *Elkhart and Marshall County CAGIT*- Elkhart and Marshall Counties raised their CAGIT rates (both were 1.00%) in FY 2004 by 0.25% for jail construction. The following table illustrates the rates and CAGIT certified distributions for CY 2006 in both counties.

County	FY 2006 Rate	CY 2006 CAGIT Certified Distribution*	CY 2006 Jail Portion of CAGIT	CY 2006 CAGIT County Certified Share
Elkhart	1.25%	\$44,411,610	\$8,882,322	\$10,731,683
Marshall	1.25%	\$9,304,992	\$1,860,998	\$2,435,745
*Elkhart and Marshall Counties both devote 25% of their certified distribution to property tax replacement. The remaining 75% of their distributions are split into certified shares.				

State Agencies Affected:

Local Agencies Affected: Elkhart County; Marshall County.

Information Sources: State Budget Agency; Elkhart County Auditor; LOGODABA; *Indiana Handbook of Taxes, Revenues, and Appropriations*.

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